

Via Electronic Mail



March 3, 2022

The Honorable Norm Needleman
Chair, Energy & Technology Committee
Legislative Office Building, Room 3300
300 Capitol Avenue
Hartford, CT 06106

The Honorable David Arconti
Chair, Energy & Technology Committee
Legislative Office Building, Room 4034
300 Capitol Avenue
Hartford, CT 06106

re: NECEC Written Testimony on SB176, An Act Concerning Shared Clean Energy Facilities

Dear Chair Needleman and Chair Arconti,

The Northeast Clean Energy Council (“NECEC”) appreciates the opportunity to provide written testimony on SB176, An Act Concerning Shared Clean Energy Facilities, heard during the March 3rd Energy and Technology Committee (“Committee”) hearing. We appreciate the interest in expanding the Shared Clean Energy Facility (“SCEF”) Program, and ask the legislature to seize this opportunity to align the SCEF Program with the state’s decarbonization goals.

NECEC is a clean energy business, policy, and innovation organization whose mission is to create a world-class clean energy hub in the Northeast, delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced and “smart” technologies.

Solar has been a critical part of Connecticut’s energy strategy for over a decade, demonstrating significant value towards the state’s emission reduction commitments, providing local jobs and economic development, and establishing a new industry in the state. SB176 recognizes that the SCEF Program, in its third year of operation, has largely been successful in driving solar development for residential offtake. With this bill, the legislature can align this program with Connecticut’s need for significant local, clean energy development that achieves the decarbonization goals and promotes resilience. Below we outline improvements to the bill that will ensure the continued development of the state’s solar industry and direct benefits to Connecticut residents.

Further Expand the SCEF Program

NECEC appreciates the recognition of the SCEF Program's value to Connecticut's energy portfolio and the desire to increase the program cap from 25 megawatts annually to 35 megawatts annually. To ensure the program grows in accordance with our growing need for clean energy, including the requirements of Executive Order 3 to decarbonize the electric sector by 2040, we recommend a doubling of the program size to 50 megawatts annually, as well as a removal of the sunset provision. This will provide regulatory certainty to the industry that the SCEF Program will continue beyond the initial six-year authorization and that Connecticut is committed to increasing its clean energy deployment. SCEF is designed to cost-effectively deliver benefits to residents through its auction structure and, with the low-income provisions, is a significant equity tool that should be continued and deepened.

Remove Utility Ownership of Solar

For nearly 25 years, the separation of generation and transmission/distribution has served utility customers well, reducing costs, creating new energy and capacity markets, and driving the innovation that has helped the state meet its energy needs reliably and efficiently. Section 4 of SB176 would begin to unravel this beneficial structure by allowing the electric distribution companies to own SCEF projects, subject to approval by the Department of Energy and Environmental Protection ("DEEP"). This proposal raises numerous concerns and should be removed. First, it is anti-competitive. Were this provision to pass, the utilities would have the authorization to own projects that would be bid into a solicitation in which they themselves are the evaluators. This would erode the credibility of the project evaluation process. Second, the utilities have information about the distribution system and preferential siting locations that competitive entities do not, giving them a further unfair advantage in the solicitation. Lastly, the utilities' focus should remain on ensuring the safe and reliable operation of the distribution system, enabling the deployment of clean energy resources with this system, and not on competing in a private market that is operating efficiently within the state.

Rather than allowing the utilities to harness their natural monopoly to decrease competition, we urge the Committee to consider ways in which the utilities could instead support the solar industry. Directing the utilities to solve interconnection challenges, which have quickly become among the biggest barriers to solar development and are solely within the utilities' control, would do far more to stimulate sustainable solar development than increased utility solar ownership would. NECEC opposes this provision as it allows the utilities to gain an anti-competitive foothold in the solar industry that would be harmful both to consumers and to the industry. It should not be included in the final bill.

Support Low-Income and Environmental Justice Provisions

NECEC appreciates the Committee's recognition of the need to ensure all of our clean energy programs lead to just and equitable outcomes. By increasing the required percentage of low-

and moderate-income participants, SB176 would make great strides towards providing underserved and overburdened residents with access to clean energy and its benefits. The legislation also institutes a new requirement requiring that 40% of projects are located in environmental justice communities. NECEC is supportive of the intent to direct benefits to environmental justice communities, though we worry that a siting requirement limits developers' ability to site projects without ensuring that environmental justice communities receive benefits. We suggest that directing a certain percentage of bill credits to environmental justice community residents is more likely to deliver benefits than a siting requirement. These provisions are important considerations not only in solar energy, but across the industry as we usher in the just transition to a clean energy economy.

Resilience Bid Preference

In the current SCEF Program, DEEP is authorized to propose bid preferences for inclusion in the SCEF procurements. In a February 1, 2021 letter to the Authority, DEEP "announces a future bid preference that seeks to encourage projects that address resiliency issues. DEEP intends to work with stakeholders to develop this bid preference with the intent of implementing it in the third program year, though if ready for implementation prior to that, DEEP may seek to implement it for the second program year."¹ In light of this Committee's focus on improving grid resilience, NECEC encourages the Committee to consider including the resilience bid preference in this legislation to codify it in the SCEF Program.

Conclusion

NECEC thanks the Committee for its consideration of SB176, and we urge the Committee to seize on this opportunity to expand the SCEF Program and ensure it is delivering benefits to all residents. Please contact us with any questions.

Sincerely,



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¹ See:

[http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/e6a8004ceb6e48808525868e00649247/\\$FILE/DEEP%20Bid%20Preference.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/e6a8004ceb6e48808525868e00649247/$FILE/DEEP%20Bid%20Preference.pdf)